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Sustainable supply chains: increased visibility of suppliers



Just 56% of companies recognise their corporate networks as extensions of their organisations. This prevents companies from measuring their sustainability impact in the different segments of their supply chains.

Environmental, social and governance (ESG) criteria are setting the course for a sustainability transition in the B2B world of SMEs and large corporations as well as in the world of finance. Taking into account ESG aspects translates into better results for companies and operators and creates value in terms of financing, investors, trust, reputation and compliance.

But how does one monitor this value and demonstrate the extent to which ESG criteria are important for one's company? What are the best tools to implement indispensable ESG planning and reporting activities?

Regardless of the industry, there is one critical element: assessing the sustainability of the supply chain. Supply chains are now at a turning point; this could act as a catalyst and push many companies to create the agile, digitally

autonomous and sustainable supply chains that they need to meet customer expectations and achieve ESG objectives.

On a global basis, sustainability is one of the main topics discussed at every meeting. But while most companies are now managing their sustainability, they are often only dealing with 10% of their impact; 90% of their carbon footprint comes from the supply chain.

The Deloitte Global 2021 Chief Procurement Officer Survey found that only 18% of chief procurement officers were formally tracking their risks in their direct supplier base and only 15% had full visibility into their supply chains. Furthermore, companies are increasingly making use of outsourcing processes, meaning that strategic operational phases are managed by third parties. Therefore, monitoring systems and frameworks with an international reach are needed to guarantee consistency when classifying

and monitoring the supplier portfolio.

The application of sustainability principles to the supply chain aims to reduce the impact of manufacturing on the environment and the community and to achieve two main, interrelated goals. Firstly, to reduce consumption and emissions in order to monetise good results, secondly to increase the company's productivity and reputation, as well as its role in the community and social responsibilities. Indeed, we know that 80% of consumers are willing to pay a higher price if the product comes from a renewable source and the company promotes fair labour practices.

But half of all companies do not even have a sustainability plan. And even if 90% of a company's emissions come from its supply chains, it cannot act because its supply chain is not digitally connected and it cannot collaborate with its suppliers and business partners.

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Assessing ESG sustainability with Synesgy

Again we come back to the question: how does one monitor this value and demonstrate the extent to which ESG criteria are important for one's company?

This is where Synesgy comes in. Synesgy is the global digital platform, powered by **CRIF**, that supports all companies from all sectors, regardless of size, and financial players in assessing ESG sustainability within the supply chain.

Thanks to its global experience, **CRIF** has taken on a key role in developing practices, models, tools and services for sustainable business development, presenting to the market a suite of services designed to integrate ESG factors into procurement and risk management models and processes.

Adopting an ESG-conscious corporate policy is a choice that is rewarded by investors and consumers, which is why **CRIF** helps companies to steer their efforts in that direction and to communicate their sensitivity to these issues through standardised, digital and global tools that accurately measure corporate commitment and results.

Consistent with this approach, **CRIF** has in turn embarked on a path of integrating sustainability into corporate strategies, policies and processes, confirming that sustainability is at the heart of its corporate policies intended to drive growth and sustainable development for its clients.

The global digital platform Synesgy, based on standards and metrics set by the Global Reporting Index, provides multi-level support in monitoring the sustainability of vast and complex supply chains.

First of all, global companies can benefit from the collaborative system with dedicated real-time dashboards and reporting tools.

The supply chain increasingly requires a greater focus on aspects and events that not only relate to risks associated with the interruption of physical material flows, but also the monitoring of factors such as reputational risk, suppliers' compliance with environmental laws and regulations, employee welfare, health & safety, and data protection issues, etc. This integrated approach can also monitor supply ecosystems and extend to many thousands of subjects, often of very different sizes and types. In this scenario, the convergence of risk management and sustainability issues is becoming increasingly evident.

Secondly, companies invited by Synesgy can self-assess their ESG compliance by filling out a dedicated questionnaire and receiving both a final ESG score, report and a certificate issued by Synesgy. The registration phase is straightforward: a limited amount of information is needed to access the Synesgy platform contents, while the estimated questionnaire completion time is two hours.

Apart from the monitoring phase, Synesgy also provides accurate analysis and monitoring of the information provided by the companies by implementing both automatic checks based on analytical tools and manual checks managed by a team of analysts.

In addition to complying with international regulations, the Synesgy global platform has also been developed according to a 'local' logic, ie, the questionnaire is localised to country-specific requirements and rules in order to provide a more country-relevant assessment and resulting ESG score and certificate.

Today, Synesgy has a global instance for all companies around the world, and a version has also been localised to other countries: Italy, Germany, Switzerland, Austria, United Arab Emirates, Hong Kong SAR, Netherlands, Greece, France, Spain, Belgium, Luxembourg, Turkey, Czech Republic and Cyprus, with many

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more to come by the end of 2022.

Organisations in every sector are beginning to move toward a stakeholder and customer value model where results are quantified beyond the immediate costs and returns. Moreover, companies are increasingly being judged by how their actions create long-term benefits for all stakeholders, including shareholders, employees, customers and society at large. In this sense, it is important to target efforts by seeking a balanced stakeholder approach to ESG objectives.

This can be achieved by building a business strategy based on ESG criteria that enables companies and financial players to comply with current global and local regulations, enhance brand reputation, increase profitability and stakeholder investment, and ultimately mitigate operational, transactional and climate risks.

About CRIF

CRIF is a global company specialising in credit and business information systems, analytics, outsourcing and processing services, as well as advanced digital solutions for business development and open banking.

CRIF's mission is to create value and new opportunities for consumers and businesses by providing reliable information and solutions, allowing more powerful decisions and accelerating digital innovation.

We work responsibly to offer innovative and compliant solutions to support our customers and improve access to credit, enabling digital inclusion and the use of financial services by excluded and underserved people.

CRIF is currently the leading credit information banking group in continental Europe and a major player in the global market for integrated business and commercial information and credit and marketing management services.

Through continuous innovation, the use of state-of-the-art technology and a strong information management culture, **CRIF** supports financial institutions, credit unions,

insurance companies, telco, media, utility and energy companies, businesses, and consumers in more than 50 countries.

In addition, as part of its end-to-end solutions, **CRIF** has developed a line of services for individuals and SMEs dedicated to financial well-being and the prevention and protection against fraud and cyber risks, while **CRIF Ratings**, a credit rating agency authorised by ESMA and recognised as an ECAI, provides ratings on non-financial companies based in the EU.

Over 10,500 banks and financial institutions, more than 600 insurance consumers, 80,000 companies and 1,000,000 consumers currently use **CRIF** services in four continents. In addition, **CRIF** is included in the prestigious IDC FinTech Rankings Top 100, the classification of the top providers of global technology solutions for the financial services industry, and in 2019 it expanded its coverage as an AISP to 31 European countries where the PSD2 directive for open banking is applicable.

For more information: www.crif.com